

Q.

A psychiatric hospital elects to receive reimbursement on a reasonable cost basis for the direct medical and surgical services of its physicians. Should the salaries for those physicians working in the PPS units be reported on line 4, Physician – Part A, even though the hospital receives reimbursement from the intermediary for both Part A and Part B services?

A.

To the extent that physician Part A costs for PPS units are included on Worksheet S-3, Part II, Line 1, the nonteaching physician Part A costs associated with PPS units must be reported on Line 4, and the teaching physician Part A costs associated with PPS units must be reported on Line 4.01. Physician Part B costs must be included on Line 5 if the costs are included on Line 1.

Q.

An intermediary does not accept the hospital's cost report; will CMS accept the hospital's Worksheet S-3 wage data?

A.

CMS will not accept the hospital's Worksheet S-3 wage data, if the intermediary has not accepted the hospital's cost report. All wage data, which are primarily derived from other portions of the cost report, must be subjected to an extensive desk review before the data can be submitted to CMS.

Q.

Are critical access hospitals excluded from the calculation of the wage index?

A.

At the beginning of the Provider Reimbursement Manual, Part II, Section 3605.2, there are specific instructions that the wage index worksheet is only completed by 1886(d) hospitals. Also, critical access hospitals (CAH) have provider numbers that distinguish them from the PPS hospitals. Therefore, CAH cost reports would not be selected for inclusion in the wage index.

Q.

Can a provider include legal fees pertaining to work performed by lawyers on the retirement fund as part of the wage-related cost?

A.

As stated in the Federal Register, September 1, 1994, Volume 59, page 45357, “fees paid to external organizations that are directly associated with the core wage-related costs may be included as part of the wage-related cost (for example, actuarial fees, claim administration fees, IRS form preparation fees, etc.).”

Q.

While the September 1, 1994 Federal Register discusses the use of GAAP for wage-related costs, how should pension credits be reported?

A.

For purposes of wage index, hospitals must apply GAAP when reporting pension credits. The reversion must be offset as a rebate to the cost center where pension contributions have been charged to in prior years. In addition to the 1994 Federal Register, 59 FR 45356, the Provider Reimbursement Manual, Section 2140.3D-Vested Benefits are a good resource on this issue.

Q.

Should hours for severance and bonus pay be included in total hours for wage index?

A.

As discussed in the August 1, 2000 Federal Register, severance pay cost may be included as a salary cost, to the extent that associated hours also are reported. However no hours are required for bonus pay. (See the Provider Reimbursement Manual, Section 3605.2, Column 4 instructions.)

Q.

Should disability pay be included on Worksheet 2-3, Part II as a salary cost or a wage-related cost?

A.

For wage index purposes, disability pay is not considered a wage-related cost. Like sick leave pay, disability pay may be included in the wage index as salaries with associated hours.

Q.

Per the September 1, 1994 Federal Register, and form HCFA-339, Exhibit 7, the category "other", under core-wage-related costs, includes Tuition Reimbursement as a core wage-related cost. Relative to physicians, do continuing medical education costs constitute tuition reimbursement and, therefore, should it be reported on both Exhibit 7 and the S-3?

A.

The costs a hospital incurs on behalf of its physicians for continuing medical education may be included as a core wage-related cost (tuition reimbursement) on Exhibit 7 and Worksheet S-3, Part II.

Q.

Can a hospital include waived co-payments and deductibles as part of the wage-related cost, and are there any policies regarding the inclusion (or exclusion) of co-pays and deductibles in developing costs for the Medicare cost report?

A.

There is no known section in the Provider Reimbursement Manual (PRM) that specifically addresses co-pays and deductibles. However, the PRM at section 332 states: "The allowances themselves are not costs since the costs of the services rendered are already included in the provider's costs. However, any costs of the services not recovered by the provider from the charge assessed the employee are allowable costs." Therefore, for wage index purposes, co-payments and deductibles are not allowed as a wage-related cost.

Q.

An intermediary has a settled cost report and later made some changes to the wage index data. Per CMS's instruction, intermediaries must transmit the corrected wage data to HCRIS and identify the cost report as re-opened costs report (MCR Code of 4). If the mid-November wage index deadline has passed, and the intermediary treats this wage index revision as a re-opened (with an MCR Code of 4), what NPR Date should the intermediary use? Is there another MCR Code that the intermediary could use to process (re-HCRIS) this wage index data?

A.

The NPR date should not change unless the intermediary has actually adjusted settlement. Intermediaries should file the HCRIS extract using the same status as previously filed, settled with or without audit (MCR Code 2 or 3). This will insure that the intermediary receives credit for timely submission, and the later file creation date on this adjusted extract will insure it is the current record.